DOCUMENT RESUME

ED 301 897 CS 506 483

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TITLE Advertising's Role in a Service Industry: Health Care.
PUB DATE Jul 88
NOTE 28p.; Paper presented at the Annual Meeting of the Association for Education in Journalism and Mass Communication (71st, Portland, OR, July 2-5, 1988).
PUB TYPE Speeches/Conference Papers (150) -- Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS *Advertising; Case Studies; *Health Services; Marketing; Mass Media Effects; Media Research; *Service Occupations
IDENTIFIERS Advertising Effectiveness; Service Providers

ABSTRACT

Although wide variations exist among service professions, several common attributes affect the role of advertising in the service industries. For example, because a service is intangible, it cannot be evaluated before purchased or consumed. Depending on the degree of intangibility, the consumer's assessment becomes that much more difficult, and the role of advertising becomes increasingly important. Other common attributes of service professions include the variable length of the purchase cycle, products that are non-standardized and personalized, service perishability, and consumer participation in the service exchange. A case study of health care advertising illustrates the necessity and effectiveness of advertising in a service profession. Multiplying health care options, changes in consumer perceptions, and ethical issues are all forcing hospitals to become more responsive to consumer demand, and to embrace the principles of marketing. Consumers are making major decisions and searching for ways to distinguish alternatives. Advertising, by providing information about service marketing, serves a useful function for the consuming public. (Two appendixes listing guidelines for hospital advertising and the Council of Medical Speciality Societies' advertising guidelines, and 54 endnotes are appended.) (MM)

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ADVERTISING'S ROLE IN A SERVICE INDUSTRY: HEALTH CARE

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Paper presented in Research Paper Session of the Mass Communication and Society Division of AEJMC, Third Place Winner of the Moeller Student Paper Competition, the 1988 AEJMC Convention, Portland, Oregon, July, 1988.

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INTRODUCTION

Medicine is one of civilization's oldest, most respected, and most relied upon professions. Advertising is one of its youngest and least venerable. And yet, through turbulent industry forces, these two professions have been drawn together in a way totally unforeseen twenty years ago. This belated merger provides a fascinating case study of advertising as it gropes, through experimentation and application, towards its more productive role.

But rather than examine the infancy of health care advertising in isolation, insights can be gained through consideration of service industry advertising in general. Although each service differs in many ways, it is useful to generalize about those characteristics they have in common.

The purpose of this paper is to identify and examine the unique attributes of service industries affecting the role of advertising. The health care industry will then be discussed and the growing role of advertising examined.

Services play an increasingly important role in the United States economy. The service sector, as a proportion of the GNP, grew from 38 percent in 1960 to 50 percent in 1983.[1] And service-producing industries are projected to account for about 75 percent of all new jobs in the U.S. between 1982 and 1995.[2] This reflects the overall shift, over time, from an agrarian economy, to a manufacturing economy, and then to a service economy. This last shift reflects not only greater consumer affluence and increased leisure time, but also demographic

changes such as the affluent baby boomer population bulge and the overall aging of the American population.[4]

Marketing managers of services have had to adopt a new perspective relative to marketing products. For there are basic difference in orientation between manufacturing and services. The historical concern of the manufacturing firm has been with operations--productivity and efficiency--often removed two or more distribution levels from the final consumer. Their product is a tangible one where quality can be controlled during the manufacturing process. Contrast this with the service firm, inherently focused on the transaction, the customer experience.

Goods are produced and processed; services are consumed, performed and rendered. Goods are produced, then sold and consumed. Services are sold first, then produced and consumed simultaneously. These differences, as well as others such as the intangible nature of services, their lack of standardization, their perishability and consumer participation in the service processes, have created new challenges for the marketing manager. Consider one basic definition of a service:[4]

> A service is any task (work) performed for another or the provision of any facility, product or activity for another's use and not ownership, which arises from an exchange transaction. It is intangible and incapable of being stored or transported. There may be an accompanying sale of a product.

One study found that the marketing function in service companies was less structured than in manufacturing companies, although they were just as likely to have marketing departments.[5] In many service industries government regulation has played a

significant role, for instance in the communication and transportation industries. But as the results of an era of deregulation set in, these industries are forced to become more competitive and thus advertising becomes a critical tool. AT&T is a fine example of that. Few commercials for telephone services were seen or heard prior to the break-up of the AT&T monopoly.

While research has begun to examine the overall process of the marketing of services,[6] there has been a dearth of research into the advertising specifics.[7] And while lumping all services together, with the wide variation in the degree of complexity and diversity, may seem overbroad, they all share some characteristics in common that are useful to consider. (Although one could always think of some exceptions to the attributes that will be discussed, they tend to be true overall.)

UNIQUE ATTRIBUTES OF SERVICES AFFECTING THE ADVERTISING ROLE

1. Non-Standardized, Personalized.

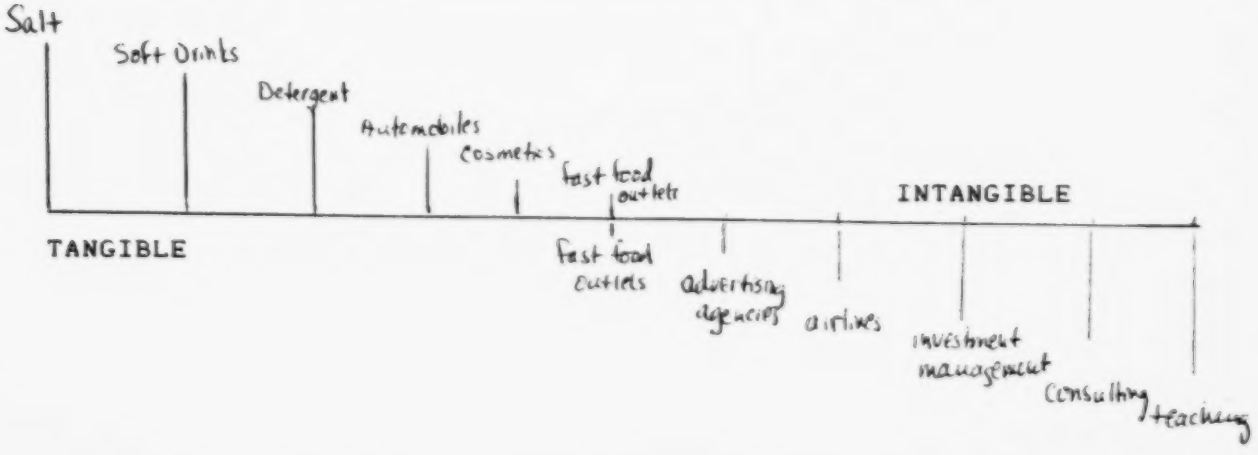
A service transaction by its very definition involves service, a product of labor. And because of the labor intensive nature of services, it is often the service provider who defines or epitomizes the service to the consumer. As a result it is difficult to establish quality control standards. The disagreeable or incompetent salesperson of products may be ignored because the product is separate from that person, but with services this is not the case. If the check-out girl at the grocery store was surly, you still have your groceries, but if

the restaurant chef is unqualified your food may be inedible.

The satisfaction a service consumer is going to feel is also a function of the discrepancy between expectations and performance.[8] Since it is advertising that creates many of these expectations, it is critical to avoid puffery claims. The beauty salon that claims to "make you a new woman" is going to have a disappointed consumer in the woman with merely a new haircut, particularly if she has paid a premium price for the expected transformation. Again, when services advertise what they cannot deliver they are ensuring no repeat business. Verifiable assertions of quality may be useful, but empty promises of quality are best left unmade.

2. Intangibility.

Because a service is intangible it cannot be evaluated before it is purchased/consumed. But the degree of intangibility varies with the service. Consider the continuum suggested by Shostack comparing goods and services on tangibility in terms of the end product, many having elements of both.[9]



Depending on the degree of intangibility the consumer's assessment becomes that much more difficult, which is why the role of advertising becomes so important. But what can the advertiser say about an intangible product? "The service advertiser ... is often left describing the invisible, articulating the imaginary and defining the indistinct."[10] Since a service is already abstract, advertisers must try to establish tangible representations for it (exactly opposite the approach favored by many product advertisements that promise such things as mystique, charm, allure and sex appeal from a bottle of perfume). Various useful techniques, include developing a tangible surrogate for the service. For example, this can be done by personalizing the service, using employees and celebrities buyers can relate to.[11] By thinking for a moment, it is easy to come up with such memorable personalities as O.J. Simpson, Karl Malden and Frank Borman.

Showing physical facilities is another example of using a tangible representation.[12] Consumers, lacking other cues, often evaluate the service facility environment as a measure of quality. These same cues can be successfully integrated into an advertising program (although for medical services appearing too impersonal must be avoided).

Through advertising, a service can develop its own image, which becomes an important part of differentiating itself. Because it is so difficult to patent or copyright a service, since it is essentially based on ideas (not technological developments as in manufacturing), the ease of entry and the

likelihood of competition is increased.[13] Differentiation is a proven strategy to achieve a market niche. While an image is a perceptual understanding derived by consumers from the total set of activities engaged in by the firm, the advertising message can set the expectations and can direct the tone of the endeavor.

Providing concrete information and showing real benefits is an important advertising technique. Depicting healthy smiles, an engaging telephone conversation, and happy travelers in Hawaii are all examples that have worked for dentists, the telephone company, and airlines, respectively. Specific information on how you, too, can enjoy these benefits are provided at the same time. You see the emotional benefit while you also hear how to achieve it. There's nothing abstract about that technique.

Nisbett and Ross[14] would refer to this as vivid information. What makes information vivid? It is vivid to the extent that it is: 1) emotionally interesting, 2) proximate in a sensory, temporal and spatial way, and 3) concrete and image provoking. These are just the sort of guidelines effective in fighting through clouds of abstraction.

In a study of consumer evaluation of services, seven common dimensions of appraisal were identified:[15] time consumed, personal control, effort required, dependence of consumer, efficiency, human contact and risk. Any of these dimensions offers specific suggestions for concrete attributes that could successfully be advertised.

3. Length of Purchase Cycle.

The variable length of the purchase cycle for some services complicates the advertising role. If the length of the purchase cycle could be predicted, then the advertising could be scheduled appropriately. But how do you predict the use of such services as the hospital emergency room, a funeral service, or a divorce lawyer? If people aren't sick, dead or divorcing they don't have a need for your services, and they certainly aren't aspiring to attain them.

When the purchase cycle is more predictable, Krugman suggests three exposures to television advertising are enough.[14] The first exposure produces nothing more than the recognition that the commercial is something new, and in the second exposure all the information processing is done. The third exposure and all subsequent ones are merely reminders of the second one. This theory does have a useful application to those services that have a more definite purchase cycle, but for others, perhaps all the advertiser can do is advertise to achieve top-of-mind awareness, hoping that when the need for the service arises, the familiar name influences consumers.

4. Service Perishability.

If services are not consumed when offered they go to waste. They cannot be stored, transported or re-sold. Empty seats in theaters and airplanes and empty waiting rooms of professionals represent lost revenues and wasted resources. By the same token, sold-out sports arenas and booked beauticians are not capable of

capitalizing on the desires of consumers, and business is lost. Services are intrinsically linked to a time dimension. The problem in synchronizing supply and demand is an ongoing one, but through advertising, demand can be shifted to or created for those low-peak times. Some common examples of that would include:[17]

1. Advertising to avoid peak periods (e.g., Mail Early for Christmas),
2. Varying the service to create demand in off-peak periods (e.g., making a ski-slope into an alpine slide in the summer),
3. Varying distribution by modifying the time and place of service delivery (e.g., stores staying open late for Christmas shopping), and
4. Pricing to achieve off-peak consumption.

While some of these suggestions involve manipulating other aspects of the marketing mix besides promotion, advertising still plays a key role in getting the word out.

5. Production/Consumption Simultaneity and Consumer Participation in the Process.

The service cannot be produced in the absence of a consumer, which gets back to the perishability of services and the critical role of demand. The teacher cannot teach without a student, the doctor cannot heal without a patient. Beyond that, the quality of the service can be materially affected by the consumer's own participation. The student has to study to learn, and the patient has to follow the doctor's instructions to get well.

The consumer role further affects the non-standardized nature of services and the element of satisfaction. Advertising creates expectations. Those expectations had better be tied to

the average consumer or a lot of dissatisfied customers results. Any claims must consider the unmotivated, disinterested consumer who is paying for the service and wants the promised results.

6. Fragmented Industry.

A fragmented industry is one in which no firm has a significant market share. Small and medium size companies are the norm. Low overall entry barriers and an absence of economies of scale are typical.[10] An absence of economies of scale is seen when there is an inherently high labor content, a high personal service content or when the process is intrinsically hard to standardize.

Because of the perishability, production/consumption simultaneity, and consumer participation nature of services, growth is limited to a local region. Small size is required for personal service. Even large corporations such as insurance companies and the telephone company need local offices to serve their customers. By their nature, services are offer time and place utility in addition to their other functions.

Given the low measure of concentration and the low barriers to entry, differentiation becomes critical. And achieving differentiation can be accomplished most effectively through the intelligent use of advertising. If a particular firm immediately comes to mind when a service is needed, then that helps to create a barrier to entry. And advertising can play a key role in developing that top-of-mind awareness. Quality, price, location, and service--all of those attributes can effectively be communi-

cated with the right advertising message.

7. Risk Perception.

Because it is almost impossible to pre-test a service, there is a high perceived, and perhaps real element of risk involved. The risk experienced may not be so much one of a financial nature, but rather paycho-social and performance based.[9] Perceived risk is also a function of two components--uncertainty and consequences.[10] Due to the custom nature of services, the provider cannot always guarantee consistent performance and quality, so there is a certain amount of risk involved even with a familiar service (for example, a below-average meal at a favorite restaurant).

Because of this uncertainty, consumers engage in an information search to reduce their risk.[11] Information comes from either personal sources (friends and experts) or nonpersonal sources (mass or selective media). Keeping this in mind, for those services with a higher perceived risk, the information content of the advertising should be very high. Consumers seek information when they feel uncertainty and when they feel the information will help reduce their anxiety.[12] Thus, more information reduces anxiety, and the consumer feels more comfortable about the service provider. By identifying the factors that the consumer uses in decision-making the advertising can focus on those salient features. For example, if they consider education

and experience important in a lawyer, those elements can be stressed.

HEALTH CARE ADVERTISING: A CASE STUDY

1. Industry Changes.

The health care industry is an industry in turbulence. And considering its past history is useful for understanding why. Sheldon identifies three eras of medical care.[23] Individual Medicine characterized the first era from 1900-1960. The solo practitioner exemplified the practice of medicine. It was a simple environment, slow to change, with few varieties of health care institutions. The era of Organizational Medicine dominated from 1960-1975. This was an era of abundance with money available for new technologies, services and buildings. More and larger institutions grew as the environment became more complex.

The final era, post-1975, is the era of Network Medicine. It is characterized by a dramatically changing environment suddenly scarce in resources. Hospitals, so long buffered from the realities of the marketplace, now face competition, competition from other hospitals, and from new kinds of health providers. Costs, technology, regulations are all on the rise and suddenly planning and marketing find themselves playing critical roles in hospital management policies. To understand their growing roles it is useful to look at some of the specific changes.

With market penetration by HMOs and PPOs There has been a greater emphasis on keeping patients out of the hospital and on controlling length of stay.[25] Alternative services have become a major competitive force. There were only 180 urgent care centers in 1980. That number grew to 3,000 by 1985.[26] In 1980, less than 10 percent of all surgery was performed outside hospitals, while outpatient surgery approached 30 percent in 1985. Experts predict up to 50 percent of all surgery will be outside hospitals by 1990.[27] A comparison of 1980 data with 1995 projected figures for all U.S. hospitals shows hospital beds/1000 residents declining from 6.0 to 4.7, occupancy rates dropping from 77.7 percent to 68 percent, and the average length of stay decreasing from 9.9 days to 8.7 days.[28] Other factors indicate the hospital industry is definitely in the mature stage of its life cycle (as opposed to the major growth seen in the 1960s and 1970s). These indicators include: market saturation, overcapacity, product displacement, technical maturity, consumer sophistication, and regulation.[29]

These changes are forcing hospitals to become more responsive to consumer demand, and to embrace the principles of marketing. They are becoming market-driven.

Hospitals are using marketing to attract patients, to attract physicians, and to advertise their more profitable health care services. The projected spending on marketing for U.S. hospitals in 1986 topped $1.1 billion, a 56 percent increase from $700 million in 1985.[30] The average hospital marketing budget--

excluding salaries--was approximately $227,000 , with advertising spending accounting for nearly half of that.[30] Ninety-one percent of the responding hospitals in this particular study had an advertising budget, up from only 64 percent in 1985.[31] By 1990 total health care industry advertising expenditures alone could top the $1 billion-dollar mark.[32]

What is it that hospitals are hoping advertising will do for them? McDonald outlines six potential functions:[33]

1. It can inform the consumer about services they may not be aware of.
2. It can enlighten consumers, helping them make intelligent choices between alternatives in the health care marketplace.
3. It can blow away some of the mystique which hospitals and physicians have created.
4. It can encourage correct use of hospital services.
5. It can help the undoctored and under-doctored get assistance they might not otherwise receive.
6. It can let consumers know which hospitals and services best meet their needs.

2. Consumer Perception.

Until the mid-1970s the issue of health care advertising wasn't an issue--it just wasn't done. The Principles of Medical Ethics published by the American Medical Association spells out the prevailing attitude of the times:

> Solicitation of patients, directly or indirectly, by a physician, by groups of physicians, or by institutions or organizations is unethical. This principle protects the public from the advertiser and salesman of medical care by establishing an easily discernible and generally recognized distinction between him and the ethical physician. Among unethical practices are included the not always obvious devices of furnishing or inspiring newspaper or magazine comments concerning cases in which the physician or group or institution has been, or is, concerned. Self-laudations defy the traditions and lower the moral standard of the medical profession; they are an infraction of good

> taste and are disapproved.
>
> The most worthy and effective advertisement possible, even for a young physician, especially among his brother physicians, is the establishment of a well-merited reputation for professional ability and fidelity.[34]

That all changed however, through a series of court cases[35] and through an order by the Federal Trade Commission. The FTC prohibited any association (such as the American Medical Association) from restricting any marketing communication, except for deceptive and false advertising.

Even though health care advertising had not been done for very long, a 1978 study revealed that consumers already looked for and favored advertising as a source of information about health care services.[36] In 1985 another study found that 75 percent of consumers wanted hospitals to advertise and that they also wanted price information included in the advertisements.[37]

Specific health care information is important for consumers as more and more of them develop specific opinions about their health care. Six out of seven consumers, reported another study, have a hospital of preference, and 75 percent would ask their physician to reconsider if another hospital was suggested.[38] This market of individuals--initiating their own health care decisions--will be receptive to marketing and advertising messages from hospitals.

Advertising is particularly appropriate for self-referred services such as emergency services, optometry, eating disorders, and mental health services.[39] These services are usually selected by a consumer with little physician input. Few sources

of information other than advertising may be available to help make these important choices.

3. Ethical Issues.

Even though consumers may be seeking information from advertising, is there some point where Madison Avenue techniques are not appropriate? What about advertising low mortality rates? This ultimate, bottom-line approach has now been used. Beginning in early 1987, Eisenhower Medical Center in California began running ads in the Wall Street Journal and local Palm Springs newspapers publicizing the lowest mortality rate in the country for heart bypass surgeries.[20]

Techniques such as these may become more and more common as the advertising of health care becomes more sophisticated, moving away from the once-popular innocuous "We Care" type of image advertising. New guidelines from the American Hospital Association are surprisingly lacking in just that. The AHA now views advertising in this way: "Advertising that has as its goal a better informed public or improved patient care is generally acceptable and supports the Association's goal of helping hospitals serve their communities."[21] (For a copy of their complete guidelines, see Appendix 1.)

Claims of uniqueness about competence, effectiveness, capability or any other subjective factor related to the quality of health care are still considered unethical, as are perfectly true and verifiable associations if they are incorrectly portrayed as unique to that provider,[22] according to the adver-

tising guidelines of the Council of Medical Specialty Societies. (See Appendix 2.)

Government regulation in this area is now limited to false and misleading practices, the same as for any other type of advertising, although the enforcement may be somewhat more vigilant since deception in health care can result in greater harm to the consumer.[43]

4. Advertising Specifics.

One of the first steps in developing an effective advertising program is to conduct a marketing audit.[44] It should:

1. Determine how people presently feel and what they know and believe to be true about most providers;
2. Discover what channels of communication they use;
3. Identify the salient features people use in decision making; and,
4. Determine how different market segments rate competing providers on such factors.

This audit information can then be used as the basis for designing the communications strategy.

Overall the advertising should seek to make tangible the intangible and to reduce the high perceived risk. This can be done by showing the outcomes rather than the process of care. And by stressing personal service rather than technological hardware, consumers acquire emotional as well as rational reactions to health care. "The ad must talk about the emotional motives, questions, doubts, and concerns of the customer instead of denying them or sugarcoating them... The ad must tell the

emotional truth as the customer believes it to be."[45]

Another way to reduce the high perceived risk by the consumer is to offer a warranty. This can be done with a direct guarantee by the provider, a testimonial by a satisfied consumer, or a third party confirmation of the provider by a professional or watchdog organization.[46] These offer some tangible, information-laden specifics for the consumer to think about, and work to reduce uncertainty by making the consequence more understood.

When deciding which media to use the advertising dollars on, it is useful to consider current spending trends. In the last quarter of 1986, 55 percent of budgets were spent on print, 16 percent on radio, 11 percent on television, and 11 percent on direct mail.[47] Experts predict more emphasis on direct marketing.[48] This counters the problem of waste in mass marketing and allows specific measures of effectiveness. Specific target groups could easily be identified using local demographics as well as the hospitals own records specific target groups could easily be identified.

The content of these advertisements has varied over time as marketers seek the best message for their hospital. Complicating the message selection is the fact that the typical hospital offers minimally fifty different products, from obstetrics to eye care, from laboratory work to social work.[49] Which feature should be stressed? Whatever that decision, one thing seems clear, the health care consumer seeks information. And better

educated and higher income consumers tend to be more information conscious.[50]

Resnick and Stern identified fourteen evaluative criteria that serve as information cues in advertisements.[51] These criteria were: price or value, quality , performance, components or contents, availability, special offers, taste, packaging or shape, guarantees or warranties, safety, nutrition, independent research, company-sponsored research, and new ideas. When they sampled television commercials for their information content, based on their criteria, they found that less than half (49 percent) contained even one piece of information, and only 16 percent contained two informational cues. It doesn't seem that it would be difficult for health care advertising to be more informative than the norm. The heavy use of print media also lends itself to more information, as they tend to be copy heavy, the ideal opportunity for including relevant facts for the information seeking consumer. Newspaper advertising also ranks as the most believable form of advertising.[52] And newspapers, unlike most other media, are often purchased in part because of the advertising.[53]

CONCLUSION

As the service economy continues to grow, so will advertising expenditures. For these advertising dollars to be used effectively, marketers, once trained in promotion of goods, must realize the unique demands of advertising services. Those differences play a role in the type of advertising message used and in the type of information processing by the consumer. Expectations and perceptions are different and a recognition of that seems essential.

Nowhere are differences clearer than in health care. An industry in turbulence, it is searching for ways to market itself for the first time. And the public is responding as it seeks more and more information to understand the new technologies, growing complexities, and multiplying health care options. Consumers are having to make major decisions and they are searching for ways to distinguish the alternatives.

Advertising in its most honorable role is that of information giver.[54] If it can achieve that with service marketing, it will have served a useful function for the consuming public.

Advertising by Hospitals

This guideline document is intended to provide general advice to the membership of the American Hospital Association, as approved by the General Council.

Introduction

Advertising is one of several methods of communication used by hospitals. The hospital's mission is to serve its patients. Advertising that has as its goal a better informed public or improved patient care is generally acceptable and supports the Association's goal of helping hospitals serve their communities. Because advertising is a new method of communication for many hospitals, these guidelines are intended to provide benchmarks to ensure that hospitals conduct their communication activities with fairness, honesty, and accuracy.

The American Hospital Association first approved guidelines for advertising by hospitals in August 1977. In that document, references were made to the importance of communication between hospitals and their publics and the significant and appropriate role that advertising may have in that communication process.

Advertising, like all methods of communication, should be used to advance the hospital's goals and objectives. To be effective, it should be measurable, targeted to a specific audience, and coordinated with other messages and public relations programs produced by the hospital.

For the purpose of these guidelines, advertising should be understood to be paid advertising, including display ads in newspapers, billboards, recruitment notices, radio and television ads, classified advertising in telephone directories, and other forms of paid advertising. It should be understood that the principles included in this document also apply to other forms of external communication by hospitals.

These guidelines are intended to define a number of common purposes of advertising and to comment upon acceptable content of hospital advertising efforts.

Purposes of Hospital Advertising

Public education about available services

It is in the best interests of the public to be informed of the availability and attributes of services that may have a significant influence on the health of the public.

Advertising can help make such services known to the public and encourage the utilization of appropriate services.

Public education about health care

Health promotion and illness prevention are an important element of health care today, and hospitals are increasingly and properly supportive of public health education. Educational programs that attempt to assist the public in maintaining health care are offered by many hospitals. Advertising is often used in conjunction with public education. Such advertising can promote a health class, describe good health practices, or focus on other elements of health promotion.

Public accountability

Hospitals are expected to account to their communities regularly for the ways in which community resources are being used. Advertising can be helpful in meeting such expectations. Newspaper supplements, paid ads, television and radio, or other advertising formats are acceptable when the advertising meets the public's need to know about the hospital's activities, challenges, and stewardship.

Maintain or increase market share

In an increasingly competitive and cost conscious environment, hospitals often use advertising to help maintain or increase their market share for

These guidelines were first developed in 1977 to reflect the awareness that advertising is one of several methods of communication used by hospitals. The document was revised by the board of directors of the American Society for Hospital Marketing and Public Relations of the American Hospital Association and was approved by the General Council in October 1984.

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specific services and programs. Such advertising can result in cost effectiveness for both the consumer and the hospital.

Public support

Hospitals frequently seek public support, both for funds and political assistance. Advertising can enhance fund-raising campaigns.

Advertising to generate public support for the hospital's point of view on legislative issues or on political candidates can raise serious questions concerning the hospital's tax status and should be carefully reviewed by legal counsel.

Employee recruitment

Advertising is a well-established and accepted means for recruiting necessary hospital personnel to staff its services and facilities.

Medical staff support

Advertising may be used to inform the public about the availability of services provided by the hospital's medical staff, including new members of the medical staff. Advertising prepared in consultation with medical staff leadership may also be helpful in publicizing the capabilities of specific members of the medical staff. This type of advertising frequently is used to maintain or increase a hospital's market share in a specific service.

Acceptable Content of Hospital Advertising and Comparisons

The content of hospital advertising must be measured primarily by the criteria of truth and accuracy. False or misleading statements or statements that would lead the uninformed individual to draw false conclusions about the hospital, other hospitals, or other health care providers are unacceptable and unethical. Hospital advertising is an issue of such sensitivity that truthfulness and accuracy of content must be beyond question.

Because comparative advertising typically involves the greatest risk of legal exposure, it may be appropriate to have such advertising reviewed by legal counsel. Direct comparisons between one health care institution and/or other providers should not be made unless they can be measured and substantiated.

Cost, Regulations, and Reimbursement

Hospital advertising is a relatively costly means of communication and may be less effective in achieving the goals of the hospital than some other forms of communication. Therefore, advertising can best be used as one of the targeted communications vehicles of a carefully developed marketing plan for the hospital.

Hospitals should be aware of applicable government regulations and restrictions on reimbursement for advertising expenditures.

EXHIBIT 16-1 Advertising Guidelines of the Council of Medical Specialty Societies

According to the guidelines, ethical advertisements can include physician specialty, specialty residency, fellowships, professional society memberships, specialty board certification, and hospitals to which a physician admits patients. It can also state office hours and after-hours coverage, appointment requirements, office location and telephone number, a description of services, ranges of fees for specific services and tests, acceptance of Medicaid, Medicare and credit cards, and languages spoken. The CMSS cautions that this list is illustrative and does not exclude other relevant information consistent with ethical guidelines.

The Council is concerned that some physicians may unintentionally mislead the public by using statements which can be misunderstood. The guidelines include several cases in which advertising is considered false, fraudulent, deceptive, or misleading:

1. When it contains a misrepresentation of fact or omits a material fact necessary to prevent deception or misrepresentation.
2. When it contains a picture or facsimile of a person for the purpose of promising relief or recovery unobtainable by the average patient by the methods described.
3. When it contains a testimonial pertaining to the quality or efficacy of medical care or services that does not represent the typical experience of other patients.
4. When it is intended or is likely to create false or unjustified expectations of favorable results.
5. When it contains a claim that the physician possesses skills or provides services superior to those of other physicians with similar training, unless such claims can be factually substantiated.
6. When it takes improper advantage of a person's fears, vanity, anxiety, or similar emotions.
7. When it contains a claim that is likely to deceive or mislead the average member of the audience to whom it is directed.
8. When it contains a false or misleading prediction or implication that a satisfactory result or a cure will result from performance of professional services.
9. When it states or implies that a physician is a certified specialist unless he is certified by a board recognized by the American Board of Medical Specialties.
10. When it describes the availability of products or services which are not permitted by law.
11. When it is likely to attract patients by the use of exaggerated claims.
12. When it is not identified as a paid advertisement or solicitation, unless it is apparent from the context that is a paid announcement or advertisement.
13. When it contains a statement of the fees charged for specific professional services but fails to indicate whether additional fees may be incurred for related professional services which may also be required.

SOURCE: "CMSS Develops Guidelines for Physician Advertising," *Annals of Emergency Medicine*, 10, 12 (December 1981), p. 100. Reprinted by permission.

FOOTNOTES

1. Statistical Abstract of the United States, 105th Edition, (U.S. Department of Commerce, Washington, D.C., 1985), p. 431.

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